CENTER FOR RESILIENCE, INC.

Audit of Financial Statements

June 30, 2024

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Contents

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Independent Auditor's Report

To the Board of Directors
Center for Resilience, Inc.
New Orleans, Louisiana

Opinion

We have audited the accompanying financial statements of Center for Resilience, Inc. (CfR), which comprise the statement of financial position as of June 30, 2024, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CfR as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CfR and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt about the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that CfR will continue as a going concern. As discussed in Note 9 to the financial statements, CfR has suffered recurring significant reductions in grant revenues, has a net deficiency in net assets, and has stated that substantial doubt exists about CfR's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 9. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CfR's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about CfR's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to chief executive officer, as required by Louisiana Revised Statute (R.S.) 24:513 A(3) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards,* we have also issued our report dated December 23, 2024 on our consideration of CfR's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CfR's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CfR's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Covington, LA
December 23, 2024

CENTER FOR RESILIENCE, INC.
Statement of Financial Position
June 30, 2024

Assets		
Current Assets		
Cash	$	257,195
Accounts Receivable		22,524
Prepaid Items and Other Current Assets		104,249
Total Current Assets		383,968
Other Assets		
Right-of-Use Asset - Operating Lease		116,551
Total Assets	$	500,519
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	$	847,901
Operating Lease Liability, Current Portion		20,849
Lines of Credit		531,184
Note Payable		250,000
Total Current Liabilities		1,649,934
Long-Term Liabilities		
Operating Lease Liability, Less Current Portion		98,702
Total Liabilities		1,748,636
Net Assets		
Without Donor Restrictions		(1,248,117)
Total Net Assets		(1,248,117)
Total Liabilities and Net Assets	$	500,519

The accompanying notes are an integral part of these financial statements.

CENTER FOR RESILIENCE, INC.
Statement of Activities
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Partner School Fees	$ 1,510,250	$ -	$ 1,510,250
Educational Program Management Fees	1,300,000	-	1,300,000
Other Revenue	75,162	-	75,162
Contributions and Grant Revenue	904,493	-	904,493
Total Revenue, Support, and Gains	3,789,905	-	3,789,905
Expenses			
Program Services	3,509,118	-	3,509,118
Supporting Services	780,064	-	780,064
Total Expenses	4,289,182	-	4,289,182
Change in Net Assets	(499,277)	-	(499,277)
Net Assets, Beginning of Year	(748,840)	-	(748,840)
Net Assets, End of Year	$ (1,248,117)	$ -	$ (1,248,117)

The accompanying notes are an integral part of these financial statements.

CENTER FOR RESILIENCE, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services	Supporting Services	
	ResilientKids Classroom Integration	Management and General	Total
Salaries and Compensation	$ 1,741,602	$ 403,908	$ 2,145,510
Consultants	610,249	40,522	650,771
Employee Benefits and Taxes	352,346	89,262	441,608
Transportation	371,862	-	371,862
Custodial Service and Supplies	106,507	35,502	142,009
Supplies	107,586	33,363	140,949
Administrative and Other	24,932	86,547	111,479
Food Service Program	71,889	23,963	95,852
Insurance	36,782	12,261	49,043
Building Rent	19,380	7,660	27,040
Bad Debt Expense	-	21,257	21,257
Telecommunications	15,648	5,216	20,864
Professional Development	15,548	5,183	20,731
Payroll Fees	13,797	4,599	18,396
Copier Rental	6,625	2,208	8,833
Legal	6,369	2,123	8,492
Maintenance and Repairs	5,331	1,777	7,108
Depreciation	-	3,957	3,957
Travel	2,665	756	3,421
Total Expenses by Function	$ 3,509,118	$ 780,064	$ 4,289,182

The accompanying notes are an integral part of these financial statements.

CENTER FOR RESILIENCE, INC.
Statement of Cash Flows
For the Year Ended June 30, 2024

Cash Flows from Operating Activities	
Change in Net Assets	$ (499,277)
Adjustments to Reconcile Change in Net Assets	
to Net Cash Provided by Operating Activities	
Depreciation	3,957
Bad Debt Expense	21,257
Forgiveness of Debt	(25,000)
Amortization of Right-of-Use Asset - Operating Lease	20,638
Changes in Assets and Liabilities:	
Accounts Receivable	266,159
Prepaid Items and Other Current Assets	(104,249)
Accounts Payable and Accrued Expenses	417,945
Operating Lease Liability	(19,438)
Net Cash Provided by Operating Activities	81,992
Cash Flows from Financing Activities	
Proceeds from Note Payable	125,000
Repayment on Notes Payable	(100,000)
Proceeds from Lines of Credit	142,000
Payments on Lines of Credit	(120,816)
Net Cash Provided by Financing Activities	46,184
Net Increase in Cash	128,176
Cash, Beginning of Year	129,019
Cash, End of Year	$ 257,195
Supplemental Disclosure of Cash Flow Information	
Cash Paid for Interest	$ 47,297

The accompanying notes are an integral part of these financial statements.

Note 1. Organization and Summary of Significant Accounting Policies

Nature of Organization

Center for Resilience, Inc. (CfR) is a nonprofit public benefit corporation organized under the laws of the State of Louisiana and was incorporated on January 19, 2017 as New Orleans Therapeutic Day Program. On February 22, 2017, the name was changed to Center for Resilience, Inc.

The mission of CfR is to provide educational and intensive mental health support in an innovative partnership with the Tulane University School Medicine Department of Child and Adolescent Psychiatry to ensure the emotional well-being and academic readiness of children with behavioral health needs in the Greater New Orleans region. Currently, CfR offers separate settings for children in grades K - 10 with moderate to significant, diagnosed behavioral health disabilities whose needs cannot be met in a traditional school.

CfR works with students to build the skills necessary to be successful in a less restrictive school setting so they can one day transition back to their home schools. Ultimately, CfR's aim is to make sure all children with behavioral health needs have access to the appropriate services and placements.

CfR’s ResilientKids Classroom Integration program involves a year-long, social and emotional learning curriculum taught from the inside out through mindfulness skills. CfR instructors work together with the classroom teachers to enhance learning-readiness and reduce stress and anxiety.

Basis of Accounting and Presentation

The financial statements of CfR are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recognized when earned, and expenses are recorded when incurred. CfR follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, CfR considers all investments with original maturities of three months or less to be cash equivalents. At June 30, 2024, CfR had no cash equivalents.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Accounts Receivable

After adoption of FASB ASC 326-20 *Financial Instruments - Credit Losses* on July 1, 2023, management determines the allowance using an estimate of expected credit losses, applied to customer groupings with similar risk characteristics, based on historical experience, current economic conditions, and certain forward-looking information. Account balances are written-off against the established allowance when management determines it is probable the receivable will not be collected. There was no allowance for credit losses as of June 30, 2024.

The opening balance of accounts receivable at July 1, 2023 totaled $309,940.

Compensated Absences

Twelve-month employees are entitled to a total of ten (10) days of wellness leave. Up to three (3) days of the leave may be rolled over annually. Upon separation from employment, employees forfeit all accrued but unused sick and vacation time. Additionally, year-end staff are eligible for ten (10) days of vacation time. Ten-month employees are eligible for ten (10) days of wellness leave. Unused wellness leave for Ten-month employees does not rollover at year-end.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets for general use that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions: Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Revenue Recognition

CfR's revenue is derived primarily from partner school fees, educational program management fees, and contributions.

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)
Contributed property and equipment are recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed asset must be used, CfR has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets' useful lives.

Partner school fees and educational program management fees are accounted for in accordance with ASC Topic 606, *Revenue from Contracts with Customers*.

CfR recognizes revenue from partner school fees and educational program management fees during the year in which the related services are provided to students. The performance obligation is to provide education and related therapeutic services to students in kindergarten through tenth grade in Orleans Parish Schools whose mental health needs cannot be met in a traditional school setting. CfR works with students to build the skills necessary to be successful in a less restrictive school setting so they can one day transition back to their home schools. The performance obligation is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the year.

Organizations are required to recognize as revenue and related expense, services received as donations if the organization would typically need to purchase the services if not received as donations. No amounts have been reflected in the financial statements for contributed services because there was either no objective basis available to measure their value or the value given was immaterial to the financial statements taken as a whole. Donations of contributed nonfinancial assets are recorded at fair value at the date of the donation.

Functional Allocation of Expenses
The cost of providing CfR's various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and supporting services in the accompanying statement of functional expenses. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Expenses	Method of Allocation
Salaries and Related Benefits	Time and Effort
Occupancy	Square Footage
Professional Fees	Full-Time Equivalent
Other	Time and Effort

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes

CfR is a not-for-profit exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. CfR believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements. Penalties and interest assessed by income taxing authorities, if any, would be included in expenses.

Leases

CfR determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the assets are used during the term of the contract. CfR also considers whether its service arrangements include the right to control the use of an asset.

CfR recognizes most leases on its statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statement of activities.

CfR made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct cost incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, CfR made an account policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Leases (Continued)

CfR has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for its real estate, vehicle, and equipment asset classes. The nonlease components typically represent additional services transferred to CfR, such as common areas maintenance for real estate which are variable in nature and recorded in variable lease expense in the period incurred.

Implementation of Accounting Pronouncement - Adopted

On July 1, 2023, CfR adopted Accounting Standard Update (ASU) 2016-13 and all subsequent ASUs that modified ASU 2016-13, which have been codified under ASC 326, *Financial Instruments - Credit Losses*. This standard modified guidance related to estimating allowance for credit losses for amortized assets, such as trade receivables and debt securities. CfR implemented this guidance using the modified retrospective approach, as required, including consideration of then-existing economic conditions and expected future conditions. The implementation of ASC 326 did not result in a significant impact on the accompanying financial statements.

Note 2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash	$	257,195
Accounts Receivable		22,524
Total	$	279,719

As part of CfR's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. Further, CfR continues to address its cash liquidity issues through cost containment and grant enhancement activities.

Note 3. Note Payable

On June 26, 2023, CfR entered into a note payable with New Schools of New Orleans totaling $250,000 with a 0% interest rate. Monthly payments totaling $13,889, were due starting July 2023 with a maturity date of December 31, 2024. No payments have been made on this note as of June 30, 2024.

On December 12, 2023, CfR entered into a note payable with The Stephen and Sandy Rosenthal Family Foundation totaling $125,000 with a 0% interest rate. Payments of $70,000 and $35,000 were due by December 31, 2023 and March 31, 2024, respectively. The remaining $25,000 has been forgiven as of June 30, 2024.

Scheduled principal payments due on the note payables subsequent to June 30, 2024 are as follows:

Year Ending June 30,	Amount
2025	$ 250,000
Total	$ 250,000

Note 4. Lines of Credit

On September 21, 2021, CfR entered into a line of credit with a bank with an available amount of $150,000. On January 24, 2024, the line of credit was renewed with a maturity date of January 24, 2025. The interest rate on the line is subject to change from time-to-time based on changes in an independent index which is the prime rate of interest as published in the money rate section of the Wall Street Journal, which was 8.5% as of June 30, 2024. The balance on this line of credit totaled $150,000 at June 30, 2024.

On January 26, 2023, CfR entered into a line of credit with a bank with an available amount of $400,000 and a maturity date of July 1, 2024. On July 21, 2023, the line of credit was renewed with an available amount of $520,000 and maturity date is July 21, 2025. The interest rate on the line is subject to simple interest of 8% per annum based on a year of 360 days. The balance on this line of credit totaled $381,184 at June 30, 2024.

Note 5. Risks and Uncertainties

CfR is a recipient of funding from the Orleans Parish School Board and other partners. The funding is governed by various guidelines, regulations, and contractual agreements. The administration of the program and activities funded is under the control and administration of CfR and is subject to audit and/or review by the applicable funding source.

CfR is exposed to various risks of loss related to torts and theft of, damage to, and destruction of assets for which CfR carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Note 6. Retirement Plan

On December 5, 2018, CfR's Board approved the establishment of a 403(b) single employer, defined contribution plan. Funding for the plan is through a contribution of a maximum percentage of up to 4% by the participating employees and CfR, limited by the maximum deferral dictated by Internal Revenue Code. Eligibility is based on full-time employment. The contribution is based on the employee's base salary each month. For the year ended June 30, 2024, employer contribution expense totaled $42,736.

Note 7. Concentration of Credit Risk

CfR periodically maintains cash in bank accounts in excess of the federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per financial institution. At June 30, 2024, $49,604 of cash was uninsured. CfR has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

During the year ended June 30, 2024, one revenue provider made up 39% of the total revenue recognized by CfR.

Note 8. Operating Lease

On May 12, 2023, CfR entered into an operating lease for office space. Monthly rental payments range from $2,000 to $2,300, expiring in June 2029.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the year ended June 30, 2024:

Operating Lease Cost	$ 25,800
Total Lease Cost	$ 25,800

Note 8. Operating Lease (Continued)

CfR's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Supplemental statement of financial position information related to the lease is as follows as of June 30, 2024:

Weighted-Average Remaining Lease Term (in Years):	
Operating Lease	5
Weighted-Average Discount Rate Applied (%):	
Operating Lease	4.03%

Future undiscounted cash flows for each of the next five years and a reconciliation to the lease liability recognized on the statement of financial position are as follows as of June 30, 2024:

Year Ending June 30,	Operating Lease
2025	$ 25,200
2026	25,800
2027	26,400
2028	27,000
2029	27,600
Total Lease Payments	132,000
Less: Imputed Interest	(12,449)
Less: Lease Liability, Current Portion	(20,849)
Lease Liability, Net of Current Portion	$ 98,702

Note 9. Going Concern

The accompanying financial statements have been prepared assuming that CfR will continue as a going concern. As shown in the financial statements, CfR incurred a $499,277 loss for the year ended June 30, 2024. At June 30, 2024 current liabilities exceeded current assets by approximately $1,266,000. Those factors create a substantial doubt about CfR's ability to continue as a going concern. To address these concerns, CfR has closed their programs and ceased operations. As a result, substantial doubt remains about CfR's ability to continue as a going concern.

Note 10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 23, 2024, and determined that the following event occurred that requires disclosure:

On July 8, 2024, CfR's Directors/Members resolved that a voluntary proceeding for dissolution of CfR out of court be conducted and approved a Plan of Liquidation providing for the liquidation and distribution of CfR's assets.

No further subsequent events occurring after December 23, 2024, have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

CENTER FOR RESILIENCE, INC.
Supplementary Information
Schedule of Compensation, Benefits, and Other Payments
to Chief Executive Officer
For the Year Ended June 30, 2024

Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees be reported as a supplemental report within the financial statements of local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

Chief Executive Officer
Alexandra Gray Duplan

Purpose	Amount
Salary	$186,532
Benefits - Insurance	$14,270
Benefits - Retirement	$5,245
Benefits - Other	$0
Car Allowance	$0
Per Diem	$0
Reimbursements	$95
Travel	$0
Registration Fees	$0
Conference Travel	$0
Continuing Professional Education Fees	$0
Housing	$0
Business Cell Phone	$0
Special Meals	$0

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Center for Resilience, Inc.
New Orleans, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Center for Resilience, Inc. (CfR), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise CfR's basic financial statements, and have issued our report thereon dated December 23, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CfR's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CfR's internal control. Accordingly, we do not express an opinion on the effectiveness of CfR's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as 2024-001 and 2024-002 to be significant deficiencies.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether CfR's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

CfR's Response to Findings
CfR's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. CfR's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CfR's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Covington, LA
December 23, 2024

Section I - Summary of Auditor's Results

Financial Statements Section

1) Type of auditor's report — Unmodified

2) Internal control over financial reporting and compliance and other matters

   a) Material weaknesses identified? — No
   b) Significant deficiencies identified? — Yes

3) Noncompliance material to the financial statements noted? — No

Federal Awards Section - Not Applicable

Part II - Findings Related to the Financial Statements

2024-001 Lack of Review and Significant Audit Adjustments

Criteria: CfR's accounting personnel should perform monthly reconciliations and record adjustments as necessary.

Condition: The proposed audit adjustments had significant effects on the financial statements. Several of the proposed audit adjustments included routine bookkeeping and reclassification entries that should have been posted prior to the year-end closing.

Cause: In the current year, the review process was limited.

Effect: Due to the factors listed above, adjusting journal entries were needed as a result of audit testing.

Recommendation: We recommend that, on a monthly basis, accounting personnel perform a review of all account balances and ensure that all reconciliations and closing adjustments are recorded properly. There should also be a review process in place by management.

Management's Response: Management agrees with the findings above.

Part II - Findings Related to the Financial Statements (Continued)

2024-002 Lack of Segregation of Duties

Criteria:	CfR's accounting personnel should ensure critical task are divided among different employees.
Condition:	Check logs and deposits were not reviewed by someone other than who made the deposits and journal entries are not required to be reviewed.
Cause:	In the current year, the review process was limited.
Effect:	Increased risk of financial misstatement or fraud.
Recommendation:	We recommend that, on a monthly basis, there should be a review process in place by management to review deposits and journal entries.
Management's Response:	Management agrees with the findings above.

Part III - Federal Award Findings and Questioned Costs Section

Not applicable.

CENTER FOR RESILIENCE, INC.
Schedule of Prior Audit Findings and Responses
For the Year Ended June 30, 2024

Findings Related to the Financial Statements

Reference Number
2023-001

Condition
A material weakness in internal control over financial reporting is present as revenue and accounts receivable were not recorded properly.

Status
Resolved

Reference Number
2023-002

Condition
A significant deficiency in internal control over financial reporting is present as bank reconciliations were incorrect and not reviewed by someone other than the preparer.

Status
Resolved

Reference Number
2023-003

Condition
A significant deficiency in internal control over financial reporting is present as journal entries lacked support.

Status
Resolved

Reference Number
2023-004

Condition
The proposed audit adjustments had material effects on the financial statements. Several of the proposed audit adjustments included routine bookkeeping and reclassification entries that should have been posted prior to the year-end closing.

Status
Unresolved. See finding 2024-001.

Findings Related to the Financial Statements (Continued)

Reference Number
2023-005

Condition
CfR's annual financial statements were submitted to the Legislative Auditor in March 2024 which is later than the six-month requirement.

Status
Resolved.